

NEW HOPE COMMUNITY DEVELOPMENT CORPORATION

COMPILED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Directors
New Hope Community Development Corporation
Kenner, Louisiana

We have compiled the accompanying Statements of Financial Position of New Hope Community Development Corporation (a nonprofit "Organization") as of December 31, 2012 and 2011, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Carr, Riggs & Ingram, LLC

November 5, 2013

**COMPILED
FINANCIAL STATEMENTS**

NEW HOPE COMMUNITY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2012 and 2011

	ASSETS	
	2012	2011
Current Assets:		
Cash and cash equivalents	\$ 95,715	\$ 102,755
Total Current Assets	95,715	102,755
Investments	45,816	42,895
Property and Equipment, Net	9,500	8,000
Total Long Term Assets	55,316	50,895
Total Assets	\$ 151,031	\$ 153,650

LIABILITIES AND NET ASSETS

Current Liabilities:		
Payroll taxes payable	\$ 2,171	\$ 1,152
Accounts payable - Affiliate	68,212	68,212
Total Current Liabilities	70,383	69,364
Total Liabilities	70,383	69,364
Net Assets:		
Unrestricted	80,648	84,286
Total Net Assets	80,648	84,286
Total Liabilities and Net Assets	\$ 151,031	\$ 153,650

See accompanying notes and independent accountant's compilation report.

NEW HOPE COMMUNITY DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2012 and 2011

	2012	2011
Unrestricted Revenues and Support:		
State grant revenue	\$ 46,347	\$ 79,603
Summer enrichment fees	1,685	6,626
Donations	4,000	5,684
Foundation grant	2,000	2,000
Interest income	2,921	-
	<hr/>	<hr/>
Total Unrestricted Revenue	56,953	93,913
	<hr/>	<hr/>
Expenses:		
Program services	51,037	74,925
Management and general	9,554	9,616
	<hr/>	<hr/>
Total Expenses	60,591	84,541
	<hr/>	<hr/>
Change in Unrestricted Net Assets	(3,638)	9,372
NET ASSETS, Beginning of Year	84,286	74,914
	<hr/>	<hr/>
NET ASSETS, End of Year	<u>\$ 80,648</u>	<u>\$ 84,286</u>

See accompanying notes and independent accountant's compilation report.

NEW HOPE COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2012

	Program Services	Supporting Services Management and General	Total Expenses
Payroll and payroll taxes	\$ 31,652	\$ 4,478	\$ 36,130
Other operating expenses	7,223	803	8,026
Professional services	4,593	510	5,103
Rent expense - affiliate	3,150	350	3,500
Summer camp expense	3,043	338	3,381
Depreciation expense	-	2,500	2,500
Meals expense - crime prevention and summer camp	598	67	665
Travel and transportation	477	53	530
Bank charges and fees	-	421	421
Reimbursement expense	301	34	335
Total Expenses	<u>\$ 51,037</u>	<u>\$ 9,554</u>	<u>\$ 60,591</u>

See accompanying notes and independent accountant's compilation report.

NEW HOPE COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2011

	Program Services	Supporting Services Management and General	Total Expenses
Payroll and payroll taxes	\$ 45,122	\$ 4,478	49,600
Professional services	19,764	2,196	21,960
Other operating expenses	3,187	354	3,541
Rent expense - affiliate	3,150	350	3,500
Summer camp expense	1,489	165	1,654
Depreciation expense	-	1,500	1,500
Meals expense - crime prevention and summer camp	1,161	129	1,290
Travel and transportation	810	90	900
Bank charges and fees	-	326	326
Reimbursement expense	130	15	145
Miscellaneous expense	112	13	125
Total Expenses	<u>\$ 74,925</u>	<u>\$ 9,616</u>	<u>\$ 84,541</u>

See accompanying notes and independent accountant's compilation report.

NEW HOPE COMMUNITY DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (3,638)	\$ 9,372
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation expense	2,500	1,500
Decrease in Payroll Taxes Payable	<u>1,019</u>	<u>(9,380)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(3,040)</u>	<u>1,492</u>
Cash Flows From Investing Activities:		
Building improvements	<u>(4,000)</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>(4,000)</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,040)	1,492
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>102,755</u>	<u>101,263</u>
CASH AND CASH EQUIVALENTS - End of Year	<u><u>\$ 95,715</u></u>	<u><u>\$ 102,755</u></u>

See accompanying notes and independent accountant's compilation report.

NEW HOPE COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

New Hope Community Development Corporation (the "Organization") is a non-profit organization located in Kenner, Louisiana. The Organization's mission is to improve the quality of life in communities by strengthening and empowering people through social, educational and economic development programs. The Organization's educational component programs provide quality out-of-school time enrichment for children and youth ages five (5) through eighteen (18) that boosts motivation to read, develops positive attitude toward learning, cultivates self esteem, and connects the needs of families to local resources.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis.

Basis of Presentation

Financial statement presentation follows the reporting requirements of the *Not-For-Profit Entities* Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for profit organizations that include three basic financial statement classifications of resources into three separate classes of net assets, as follows:

- Unrestricted – Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted - Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled and removed by actions of the Organization pursuant to such situations.
- Permanently Restricted - Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by the actions of the Organization.

The classification of net assets into three separate groupings described above is based on criteria established by the Financial Accounting Standards Board, which are not necessarily consistent with regulations of the Internal Revenue Service concerning restrictions on donations.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

NEW HOPE COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012 and 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Donor Restrictions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. These restricted assets are recorded on the Statements of Activities.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$100. Property and equipment is recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using a straight-line method over the estimated useful lives of 5 to 30 years.

Investments

Under FASB ASC Topic 958, *Financial Statements of Not-for-Profit Organizations*, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Fair Value of Financial Instruments

The carrying values of the Organization's financial instruments, including current assets and current liabilities, approximate fair value.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net assets classes. When a temporary restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America require

NEW HOPE COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012 and 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization's management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2012 and 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that it continues to operate in a manner that preserves its tax exempt status.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through October 14, 2013, the date the financial statements were available to be issued.

NOTE 2 - INVESTMENTS

Investments as of December 31, 2012 and 2011 are stated at fair value and consist of a fixed interest account offered through a deferred annuity contract, as follows:

	Fixed Interest Amount (Deferred Annuity Contract)	
	Cost	Fair Value
2012	\$38,725	\$45,816
2011	38,725	42,913

No realized or unrealized gains or losses from investment activity were recorded in the Statements of Activities for the years ended December 31, 2012 and 2011.

NEW HOPE COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012 and 2011

NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with FASB ASC 820.

FASB ASC 820 establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on adjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3 - Valuations based on inputs are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The Organization's measurements of fair value are made on a recurring basis, and their valuation techniques for assets and liabilities recorded at fair value are as follows:

Deferred Annuity Contract - The fair value of annuity contract is the market value based on similar assets, when available, which are traded in less-active markets. If listed prices or quoted prices are not available, fair value is based on externally developed models that use unobservable inputs due to the limited market activity of the investment.

NEW HOPE COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012 and 2011

NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The valuation of the Organization's assets and liabilities that are required to be measured at fair value on a recurring basis as of December 31, 2012 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Net Balance</u>
Deferred Annuity Contract	\$ -	\$ 45,816	\$ -	\$ 45,816
Total	<u>\$ -</u>	<u>\$ 45,816</u>	<u>\$ -</u>	<u>\$ 45,816</u>

The valuation of the Organization's assets and liabilities that are required to be measured at fair value on a recurring basis as of December 31, 2011 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Net Balance</u>
Deferred Annuity Contract	\$ -	\$ 42,895	\$ -	\$ 42,895
Total	<u>\$ -</u>	<u>\$ 42,895</u>	<u>\$ -</u>	<u>\$ 42,895</u>

No realized or unrealized gains or losses from investment activity were recorded in the Statements of Activities for the years ended December 31, 2012 and 2011.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2012 and 2011 consists of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 5,000	\$ 5,000
Building and improvements	10,000	6,000
Less: Accumulated Depreciation	<u>(5,500)</u>	<u>(3,000)</u>
Total Property and Equipment, Net	<u>\$ 9,500</u>	<u>\$ 8,000</u>

Depreciation expense was \$2,500 and \$1,500 for the years ended December 31, 2012 and 2011, respectively.

NEW HOPE COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012 and 2011

NOTE 5 - FUNCTIONAL ALLOCATIONS OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

NOTE 6 - RELATED PARTY TRANSACTIONS

The Organization has a payable to an affiliated organization. The affiliated organization, New Hope Community Church, shares the same management and Board of Directors with the Organization. There are no terms of repayment or stated interest rate with regard to the amount payable. The balance of the payable at December 31, 2012 and 2011 recorded on the Statements of Financial Position is \$68,212.

The Organization rents space from an affiliate organization, New Hope Community Church. The affiliated organization shares the same management and Board Members with the Organization. There is no written rental agreement and payments are made on a periodic basis. The total amount of rent expense was \$3,500 for each of the years ended December 31, 2012 and 2011.

Donated Rent

New Hope Community Church, an affiliated organization, donated rent to the Organization estimated at \$3,500 for the year ended December 31, 2012. The fair value of the rent expense was estimated based on prior year amounts for the year ended December 31, 2011. The amount is recorded as Donations on the Statements of Activities and Rent Expense on the Statement of Functional Expenses for the year ended December 31, 2012.

NOTE 7 – CONCENTRATION OF REVENUE SOURCE

The majority of the Organization's revenues for the years ended December 31, 2012 and 2011 were derived from grants from the State of Louisiana with totaling amounts of \$79,603 and \$46,347 (approximately 91 percent and 85 percent), respectively.

NOTE 8 - CONCENTRATION OF CREDIT RISK

As of December 31, 2012 and 2011, the Organization had cash deposits in financial institutions, which did not exceed the federally insured limits.



NEW HOPE COMMUNITY DEVELOPMENT CORPORATION

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November 5, 2013

Legislative Audit Advisory Council
State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70804-9397

To whom it may concern,

New Hope Community Development Corporation ("New Hope") has filed its report dated November 5, 2013 for the year ended December 31, 2012 with the Louisiana Legislative Auditor as required by Louisiana Audit Law. The compiled financial statements were required to be filed with the Louisiana Legislative Auditor no later than six (6) months following the end of New Hope's fiscal year. The compiled financial statements filed with the Louisiana Legislative Auditor were not filed in a timely manner and therefore New Hope's compiled financial statements for the year ended December 31, 2012 were delinquent.

As a result, New Hope has taken the necessary steps to ensure that future filings will be made in a timely manner and in compliance LSA-R.S. 24:519. In the future, we will contact a CPA firm earlier in the reporting process to make certain that the necessary reporting required by your office is complied with in a timely manner.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rev. Mark B. Mitchell', with a stylized flourish at the end.

Rev. Mark B. Mitchell
Executive Director
New Hope Community Development Corporation